

**PLAN SUPPLEMENT REQUIREMENT FOR FISCAL YEAR 2013**  
**LIHEAP PROGRAM INTEGRITY PLAN – APPLICATION FOR LIHEAP**

**RECENT AUDIT FINDINGS**

- A. Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2013 or the prior three years, in annual audits, Grantee monitoring assessments, Inspector General reviews, or other Government Agency reviews of LIHEAP agency finances.

*State of Hawaii LIHEAP was audited for State fiscal year ended June 30, 2010. The audit found that Financial Status Report 269A was not submitted.*

- B. Please describe whether the cited audit findings or relevant operations have been resolved or corrected. If not, please describe the plan and timeline for doing so in FY2014.

*Procedures were established with our fiscal management office to ensure Financial Status Report 269A has been timely submitted.*

- C. If there is no plan in place, please explain why not.

*Not Applicable*

- D. Necessary outcomes from these systems and strategies.

*Financial Status Report 269A has been timely submitted yearly since 2011.*

**COMPLIANCE MONITORING**

- A. Describe the State's FY2013 strategies that will continue in FY2014 for monitoring compliance with State and Federal LIHEAP policies and procedures by the State and local administering agencies.

*The LIHEAP office in Hawaii is administratively attached to the Department of Human Services (DHS). This office consists of one Program Specialist in charge of LIHEAP and a clerk. All functions of the LIHEAP program is the responsibility of the Program Specialist. Supervision and support services; i.e. Fiscal Management, IT Support and Investigations are supported by the DHS. The LIHEAP program has many checks and balances to avoid fraud in each stage of LIHEAP process; there is no one person or agency that does determines eligibility and pays benefits.*

**1. Program Specialist**

- *Development of the LIHEAP State Plan is reviewed by the supervisor and is subject to a Public Hearing.*
- *Benefit amount is set by the Program Specialist only after all data is sent to the state for reconciliation.*
- *All supplies, contract and benefits payments are made by the Fiscal Office.*
- *All requests for payment to the utility companies are accompanied with a listing of eligible recipients and sent to our State Department of Accounting.*

**2. Contract Agencies**

- *All applications and records are reviewed by the LIHEAP manager in each contracted provider agency to ensure that a household or residence receives correct benefits. These reviews are also subject to a review at the administrative level.*
- *All contract employee LIHEAP applications are processed by the contract LIHEAP manager.*
- *LIHEAP coordinator conducts unscheduled site visits to monitor application processes and review cases.*
- *Desk review of case records are completed for all islands.*
- *Reviews of cases are discussed with contract managers for correction.*
- *Review of case processes are also discussed for corrective action; i.e. making sites more secure for employees and cases.*

**3. Utility Companies**

- *All utility companies are regulated by Hawaii's Public Utility Commission.*
- *All eligible clients are sent a letter of approval that includes the approved benefit amount. This letter also states to report any discrepancies to the contract agency or the LIHEAP Coordinator.*

B. Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY2014.

*LIHEAP coordinator will conduct unscheduled site visits to monitor application processes and review cases.*

- C. If you don't have a firm compliance monitoring system in place for FY14, please describe how the State is verifying that LIHEAP policy and procedures are being followed.

*Not applicable*

- D. Necessary outcomes from these systems and strategies.

- a. Payments are issued to eligible households*
- b. Prevent fraud and duplicate issuances.*

### **FRAUD REPORTING MECHANISMS**

- A. For FY2013 activities continuing in FY2014, please describe all (a) mechanisms available to the public for reporting cases of suspected LIHEAP fraud, waste or abuse? [These may include telephone hotlines, websites, email addresses, etc.] (b) strategies for advertising these resources.

- a. Anyone can report suspected LIHEAP fraud to the Contractors, the Program Coordinator or the Department's Fraud Hotline.*
- b. The department's Fraud Hotline telephone number is published in all public phone books.*
- c. Contracted provider agencies were given a method to report suspected fraud. This includes reporting the possible fraud to the LIHEAP office, and completing an Investigation Referral form and sending it to the LIHEAP office for follow up with our Investigation Office.*
- d. Contracted staff was instructed to report all suspected employee fraud to the Program Coordinator for follow up with our Investigation Office.*

- B. Please highlight any tools or mechanisms from your plan which will newly implemented in FY2014, and the timeline for that implementation.

*In FY 2011 contracted agencies posted fraud posters providing information on where to report LIHEAP fraud in their offices, offices of utility companies and in the community.*

- C. If you don't have any tools or mechanisms available to the public to prevent fraud or improper payments, please describe your plan for involving all citizens and stakeholders involved with your program in detecting fraud.

*Not applicable*

D. Necessary outcomes of these strategies and systems.

*The public will be aware of the mechanisms available for reporting cases of suspected LIHEAP fraud, waste or abuse.*

## **VERIFYING APPLICANT IDENTITIES**

A. Describe all FY2013 State policies continuing in FY2014 for how identities of applicants and household members verified.

*The applicant and all adult household member's identity is verified at initial interview.*

*Acceptable documentation of identity is*

- *State ID*
- *Passport*
- *Hawaii Driver's License*
- *School ID*
- *Employer ID*
- *Any combination of 3 or more documents –*
  - Marriage license                      - Divorce Decree*
  - Property Deed/Title                -High School or College Diploma*
  - verbal confirmation of ID from a public official; i.e. probation/parole officer, church official, police officer, school official, etc.*

*Contract agencies are trained to review all documents for validity; i.e. ensuring all documents submitted are for the same individual, spelling of name on all documents are correct, no corrections (cross outs or 'white outs) are visible and official seals are clearly displayed. All questionable or discrepancies needed be validated by the document's originating agency.*

B. Please highlight any policy or strategy from your plan which will be newly implemented in FY2014.

*There are no changes from last year's plan. Last year's plan is still applicable.*

*a. Identification of all adults is a requirement.*

*b. Identification of adult household members will be verified during*

*random home visits statewide.*

- C. If you don't have a system in place for verifying applicant's identities, please explain why and how the State is ensuring that only authentic and eligible applicants are receiving benefits.

*Not applicable*

- D. Necessary outcomes from these systems and strategies.
- a. Payments will be made to eligible households.*
  - b. Prevent fraud and duplicate issuances.*

### **SOCIAL SECURITY NUMBER REQUESTS**

- A. Describe the State's FY2014 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.

- a. A Social Security number is now required of applicants older than one year of age.*
- b. Individuals of categorical households have their Social Security numbers verified by the State's electronic system that interfaces and validates social security numbers.*
- c. Social Security numbers are matched with utility companies. There are five utility companies in the State. Each utility company also requires all customers to provide identification and social security numbers. An account is not opened, if the customers cannot provide proof of identity or a social security number. Four of the larger utility companies also validate their customer's identification and social security numbers with a credit company called Experian. One utility company will check to ensure that an applicant is not deceased through a website; [www.legacy.com/obituaries.asp](http://www.legacy.com/obituaries.asp).*

- E. Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, or remaining the same.

*Policy was changed to require all household members one year old and older to provide a social security number.*

*Computer system has been modified to enter in all applicant and household members with their social security numbers to cross check duplicate SSNs.*

- F. If the State is not requiring Social Security Numbers of LIHEAP applicants and/or household members, please explain what supplementary measures are being employed to prevent fraud.

*Not applicable*

- G. Necessary outcomes from these systems and strategies.

*There will be no incorrect or duplicate payments.*

**CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST**  
**GOVERNMENT SYSTEMS/DATABASES**

- A. Describe if and how the State used existing government systems and databases to verify applicant or household member identities in FY2013 and continuing in FY2014. (Social Security Administration Enumeration Verification System, prisoner databases, Government death records, etc.)

- a. The Social Security Numbers of individuals of Categorical households are verified with the Social Security Administration and prisoner database through an interface.*
- b. The State of Hawaii contracts private organizations to implement the LIHEAP. These organizations currently do not have access any government interface. They are trained to review all social security cards for discrepancies and validate SSN's with other official documents; i.e. pay stubs, checking or savings account statements, tax returns, etc.*
- c. The LIHEAP electronic system does an internal audit for duplicate social security numbers, names, address and utility account numbers.*

- B. Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY2014.

*There are no new plans for FY 2014, the plan below is still applicable.*

*The state will be implementing a new computer system that will accommodate the new medical, financial, SNAP and LIHEAP program. This new system will allow LIHEAP to do interfaces with SSA.*

- C. If the State won't be cross checking Social Security Numbers and ID information with existing government databases, please describe how the State will supplement this fraud prevention strategy.
- a. We will continue to validate utility accounts using social security numbers.*
  - b. LIHEAP electronic system continues to cross check for duplicate social security number for all applicants and household members.*
- D. Necessary outcomes from these systems and strategies.
- There will be no duplicate payments.*

#### **VERIFYING APPLICANT INCOME**

- A. Describe how the State or designee used State Directories of new hires or similar systems to confirm income eligibility in FY2013 and continuing in FY2014.
- The State of Hawaii contracts private organizations to implement the LIHEAP. These organizations do not have access to any government interface.*
- B. Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY2014.
- The state is implementing a new computer system in 2016 will accommodate LIHEAP. This new system will have interfaces with the state's new hire directory.*
- C. If the State won't be using new hire directories to verify applicant and household member incomes how will the State be verifying the that information?
- All applicants are required to provide verification of income; by providing pay stubs or written statements from employers.*
- An applicant claiming zero income is thoroughly questioned regarding how daily expenses are met; i.e. purchases of food, rent, clothing, transportation, etc. Applicants are required to substantiate their verbal statement with a written statement.*
- D. Necessary outcomes from these systems and strategies.
- Correct determination of eligibility and payments will be made.*

## **PRIVACY-PROTECTION AND CONFIDENTIALITY**

A. Describe the financial and operating controls in place in FY2013 that will continue in FY2014 to protect client information against improper use or disclosure.

- a. All contracted eligibility workers are required to sign a LIHEAP Safeguard and Non-Disclosure Certification form.*
- b. Each contract agency and utility companies has its own Confidentiality and Security guidelines that cover records, personal information and unauthorized disclosure.*
- c. All records are locked and secured daily.*
- d. Records are destroyed after 3 years.*
- e. Training includes review of the LIHEAP Safeguard and Non-Disclosure Certification form.*

B. Please highlight any controls or strategies from your plan which will be newly implemented as of FY2014.

*All entry into LIHEAP programs will be password protected.*

C. If you don't have relevant physical or operational controls in place to ensure the security and confidentiality of private information disclosed by applicants, please explain why.

*Not applicable*

D. Necessary outcomes from these systems and strategies.

*Records and information are secured.*

## **LIHEAP BENEFITS POLICY**

A. Describe FY2013 State policies continuing in FY2014 for protecting against fraud when making payments, or providing benefits to energy vendors on behalf of clients.

- a. Hawaii contracts all utility companies to deposit benefits into eligible*

*client's account numbers. All utility companies are regulated by State Public Utility Commission and are bound by Tariff laws.*

- b. All eligible applicants' names, social security numbers, residences and account numbers are validated with the utility companies before final payments are posted into individual utility accounts.*
- c. All eligible clients are sent notices of eligible benefits advising the household to confirm the payment applied to their account with their utility bill. Complaints of non-receipt of benefit or inaccurate payments have not been made.*
- d. Utility companies are required to post monthly LIHEAP balances until all benefits have been exhausted.*
- e. State plan and procedures includes a policy to sanction applicants and adult household members for one federal fiscal year for misrepresenting their household's circumstances that result in the household's ineligibility. Household circumstances include but are not limited to household size, income or assets.*
- f. Contract agencies are trained that households must declare and provide verification of annual income in a reasonable amount greater than their expenditures for the same period; i.e. how have they been paying for their basic needs (rent, food, gas, utilities, etc) prior to applying for LIHEAP.*
- g. Requests for payments are made to our Fiscal Management Office (FMO) with a listing of eligible LIHEAP clients. FMO in turn will request for a check to the State Department of Accounting who will then make payment to the utility companies.*

B. Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY2014.

*Final payments to utility companies are verified as received by utility company*

*representatives.*

- C. If the State doesn't have policy in place to protect against improper payments when making payments or providing benefits on behalf of clients, what supplementary steps is the State taking to ensure program integrity.

*There are no supplementary steps being planned.*

- D. Necessary outcomes from these systems and strategies.

*Correct payments will be made to eligible households.*

### **PROCEDURES FOR UNREGULATED ENERGY VENDORS**

- A. Describe the State's FY2013 procedures continuing in FY2014 for averting fraud and improper payments when dealing with bulk fuel dealers of heating oil, propane, wood and other regulated energy utilities.

*The State does not have unregulated energy vendors.*

- B. Please highlight any strategies policy in this area which will be newly implemented in FY2014.

*The State does not have unregulated energy vendors.*

- C. If you don't have a firm plan for averting fraud when dealing with unregulated energy vendors, please describe how the State is ensuring program integrity.

*The State does not have unregulated energy vendors.*

- D. Necessary outcomes from these systems and strategies.

*The State does not have unregulated energy vendors.*

### **VERIFYING THE AUTHENTICITY OF ENERGY VENDORS**

- A. Describe State FY2013 policies continuing in FY2014 for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the State's procedure for averting fraud.

*All utility companies are regulated by the State's Public Utility Commission (PUC) and Tariff laws. As an organization regulated by the PUC, all companies must provide monthly and annual financial and reliability reports.*

- B. Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY2014.

***There are no new policies; last year's policy is still applicable;***

***Vendor authenticity is tracked by the PUC and all reports are of public record on their website; [www.puc.hawaii.gov](http://www.puc.hawaii.gov).***

- C. If you don't have a system in place for verifying vendor authenticity, please describe how the State can ensure that funds are being distributed through valid intermediaries?

***Not applicable***

- D. Necessary outcomes from these systems and strategies.

***Correct payments will be made to authorized PUC utility companies.***

### **TRAINING AND TECHNICAL ASSISTANCE**

- A. In regards to fraud prevention, please describe elements of your FY2013 plan continuing in FY2014 for training and providing technical assistance to (a) employees, (b) non-governmental staff involved in the eligibility process, (c) clients, and (d) energy vendors.

Please highlight specific elements of your training regiment and technical assistance resources from your plan which will represent newly implemented in FY2014.

***Training is provided to all LIHEAP contract staff on each island by the Program Specialist a month prior to LIHEAP implementation. A power point presentation is accompanied with training folder that includes the presentation, LIHEAP procedures, forms and tables.***

***Training includes the importance of verifying identity and social security numbers and acceptable forms of verification. They were also trained on how to report suspected fraud. The utility companies were also invited to the training program.***

***Besides the above, staff were thoroughly trained on the importance of determining accurate eligibility. The following items are discussed:***

- a. Utility usage; i.e. kilowatts, therms, should correlate with household***

*size.*

- b. Household's income shall be reasonable to be equal or greater than all expenditures; i.e. food, shelter, clothing expenses.*
- c. All income must be verified.*
- d. Monthly checking and savings account statements should be reviewed for regular deposits that are not reported as income.*
- e. Explanation of different sources of income that could generate unreported income; i.e. disabled individual could be eligible for workman's compensation, social security, etc.*

*Staff is also trained about the importance of confidentiality and safeguarding all information.*

*Utility company customer representatives are invited to attend the training to gain an understanding of the application process and meet the contract staff.*

- B. If you don't have system in place for anti-fraud training or technical assistance for employees, clients or energy vendors, please describe your strategy for ensuring all employees understand what is expected of them and what tactics they are permitted to employ.

*Not applicable*

- C. Necessary outcomes from these systems and strategies.

*Payments will be accurate.*

#### **AUDITS OF LOCAL ADMINISTERING AGENCIES**

- A. Please describe the annual audit requirements in place for local administering agencies in FY2013 that will continue into FY2014.

*Utility companies are audited annually by the PUC.*

*All contracted provider agencies are has independent audits completed that are required and in compliance with auditing standards generally accepted in the USA and OMB Circular A-133.*

- B. Please describe new policies or strategies to be implemented in FY2014.

*There are none.*

- C. If you don't have specific audit requirements for local administering agencies, please explain how the Grantee will ensure that LIHEAP funds are properly audited under the Single Audit Act requirements.

***Utility companies and contracted provider agencies are audited annually by the PUC and independent audits.***

D. Necessary outcomes from these systems and strategies.

***There will not be any misspent funds.***